

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 07246 011935Z

43

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 INT-08 SS-15

NSC-10 L-03 H-03 PA-03 PRS-01 USIA-15 DRC-01 /154 W

----- 113858

P 011904Z OCT 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7252

LIMITED OFFICIAL USE LIMA 7246

E.O. 11652: N/A

TAGS: EIND, EMIN, PE

SUBJ: PETROPERU ACQUIRES BURMAH PETROLEUM SUBSIDIARY

1. ON SEPTEMBER 27, THE GOP ANNOUNCED THAT PETROPERU HAD PURCHASED COMPANIA PETROLERA LOBITOS, A SUBSIDIARY OF BURMAH OIL, FOR SIX MILLION DOLLARS. AS A RESULT OF THE NEGOTIATIONS, WHICH THE GOP NOTED HAD BEEN CONDUCTED IN AN ATMOSPHERE OF "COMPLETE HARMONY AND UNDERSTANDING", PETROPERU ACQUIRED LOBITOS STORAGE, DISTRIBUTION AND TRANSPORT FACILITIES, SERVICE STATIONS, AND THE REMAINING RIGHTS TO LOBITOS SMALL COASTAL CONCESSION WHICH HAD ALREADY BEEN FIFTY PERCENT OWNED BY PETROPERU. FOR ITS PART, LOBITOS HAS UNDERTAKEN TO MEET ALL ITS OBLIGATIONS TO ITS EMPLOYEES IN TERMS OF SEVERANCE PAY AND SOCIAL SECURITY AND PENSION OBLIGATIONS.

2. IN CONVERSATION WITH DCM, GENERAL CARLOS BOBBIO OF PETROPERU EMPHASIZED CORDIAL ATMOSPHERE IN WHICH TALKS HAD BEEN CONDUCTED AND REASONABLE ATTITUDE ON PART OF PETROPERU. HE SAID HE THOUGH PETROPERU HAD BEEN QUITE GENEROUS, GIVEN FACT THAT ALL IT WAS ACQUIRING WAS STRING OF REDUNDANT SERVICE STATIONS, OLD EQUIPMENT AND RIGHTS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 07246 011935Z

OF MARGINAL UTILITY. ONE OTHER OFFICIAL CONTRASTED

LOBITOS NEGOTIATIONS WITH THOSE UNDERWAY REGARDING U.S. ECONOMIC INTERESTS, NOTING FRIENDLY NATURE OF FORMER AND FACT THAT LOBITOS WAS WILLING TO SETTLE AT \$6 MILLION ON VALUE OF "\$50 MILLION", SUGGESTING THAT U.S. COMPANIES OUGHT TO BE EQUALLY REASONABLE.

3. SENIOR OFFICE OF BRITISH EMBASSY HAS TOLD US THAT VALUE PLACED BY LOBITOS ON ITS ASSETS WAS ACTUALLY CLOSER TO \$17 MILLION AND THAT LOBITOS HAD ACCEPTED \$6 MILLION BECAUSE PAYMENT WOULD BE IMMEDIATE, RATHER THAN IN BONDS WITH FOREIGN EXCHANGE REMITTANCES SPREAD OVER PERIOD OF SEVERAL YEARS. OFFICIAL COMMENTED THAT, IN HIS VIEW, RAPID AND RELATIVELY FAVORABLE RESOLUTION OF LOBITOS CASE WAS TRANSPARENT EFFORT ON PART GOP TO UNDERSCORE CONTRAST WITH NEGOTIATIONS WITH U.S.

4. REFERRING TO CERRO DE PASCO, BRITISH OFFICIAL COMMENTED THAT HE THOUGHT GOP WOULD NOT EXPROPRIATE COMPANY, BUT WOULD RATHER INSTALL "INTERVENTOR", AS HAD BEEN DONE IN CONCHAN CASE. (INTERVENTOR IS GOP OFFICIALS APPOINTED TO OPERATE COMPANY IN PLACE OF FOREIGN MANAGEMENT.) HE SAID GOP COULD THEN TAKE POSITION THAT EXPROPRIATION HAD NOT OCCURRED SINCE ASSETS STILL BELONGED TO FOREIGN OWNER; GOP HAD ONLY INTERVENED TO ENSURE CONTINUED EFFECTIVE OPERATION OF COMPANY UNDER THREAT OF UNCERTAINTY CREATED BY NEGOTIATING CLIMATE. GOP WOULD PROBABLY ALSO TAKE POSITION THAT DOOR TO NEGOTIATIONS REMAINED OPEN SHOULD CERRO WISH TO RESUME THEM.

BELCHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LIMA07246
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731060/aaaabrxp.tel
Line Count: 90
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by martinjw>; APPROVED <13 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROPERU ACQUIRES BURMAH PETROLEUM SUBSIDIARY
TAGS: EIND, EMIN, PE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005